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THE LABOUR DEPARTMENT AFTER SIXTY-FOUR YEARS

"The division of responsibility and authority between the central and regional authorities, the basic principle of the federal type of government, was made in Canada at the time when government functions were few and simple," the Minister of Labour, Mr. Allen J. MacEachen, told the recent meeting of the International Association of Government Labour Officials in Vancouver on August 10. However, the Minister went on, "the functions of government are not simple today". He quoted the Rowell-Sirois Royal Commission to the effect that "co-operation in the pursuit of common objectives" was today equally important with "the division of powers" in the guaranteeing of "efficiency and economy in government" and that such co-operation between "autonomous governments" was not easy to achieve.

"I wouldn't deny that there is some truth in this," Mr. MacEachen commented, "but in this country we have managed to work out ways of co-operating whenever it becomes clear that co-operation is necessary. Certainly, in the areas in which my Department works, and in many other areas, federal-provincial co-operation is good, and often outstanding, and it is growing from year to year."

The speaker then proceeded with the following sketch of the development of the Department of Labour by way of illustration of his general point:

...Our Department of Labour was established in 1900. You won't think I am boasting if I point out that this was 13 years before the United States Department of Labor and 16 years before the Ministry of Labour in Britain.

The new Department's first duties were modest enough. The Act of Parliament that set it up was simply "an Act to aid in the prevention of trade disputes and to provide for the publication of statistical industrial information".

Of those early responsibilities, the collection and publishing of information became the responsibility of the *Labour Gazette*, which is now 64 years old.

The other was labour relations — a fundamental concern of any labour department. The Department came into being when it did chiefly as a response to the disclosure of abuses — sweated labour, in fact — in firms working on government contracts.

EARLY ROLE THAT OF OBSERVER

The Department of Labour of 1900 was not set up to influence the labour market — I don't suppose that anyone dreamt of such a thing then. In fact, without any means of investigating the forces at work, it was in no position to exert any influence — it was pretty much content to be an observer of the labour market and to record what it saw. At that time it may have been good enough to examine problems as they arose, perhaps with some deliberation, and deal with them individually.

This was equivalent to charting a course through a field of icebergs with the naked eye. What lay in the depths below could only be suspected. Today we have gone a long way towards learning the shape and extent of what lies below the surface, and we are beginning to learn to spot new icebergs when they are barely on the horizon.

(Over)

In 1900, Canada was still largely an agricultural country. It was opening up, absorbing a growing population and a steady stream of immigrants. Both federal and provincial governments had fewer functions, and these they exercised within their own jurisdictions.

EFFECT OF TWO WARS

However, it was inevitable that a need for some measure of formal co-operation would develop once problems arose that cut across the sometimes shadowy line dividing federal from provincial jurisdiction. The two World Wars, if they did not create such problems, at least made them obvious and urgent. War is a great hothouse for economic and social trends. In World War I we had to think, for the first time, of mobilizing our man-power resources and we had to look at the skills we had available. We were made forcibly aware of a lack of technically-trained people and of the means for producing them.

In this country, education is under provincial jurisdiction, but the Federal Government cannot help but have an interest in it, and particularly in technical education, because of the vital importance to our national economy of a properly-trained work force.

EARLIEST FEDERAL-PROVINCIAL CO-OPERATION

We find here one of our earliest examples of federal-provincial co-operation. As far back as 1919, federal grants were provided to the provinces to assist any form of technical education "necessary to promote industry and the mechanical trades". This assistance was later broadened from time to time until, in 1960, the Technical and Vocational Training Assistance Act made possible our present co-operative programme, by agreements between each of the provinces and the Federal Government.

It is important to realize that this programme, like our other joint programmes, is not something manufactured at the federal level and presented to the provinces on a "take-it-or-leave-it" basis. On the contrary, it evolved co-operatively from the long experience of the provinces, and through continuous consultation between federal and provincial experts. It evolved also out of knowledge based on research.

As in other countries, the number of skilled jobs is increasing rapidly, while jobs for the unskilled and semi-skilled are getting more and more scarce. At the same time, school drop-outs have been becoming a matter of grave concern.

We needed more facilities for training and broader and more flexible courses of study to meet the needs of our young people. We needed to expand training and re-training for adult workers — for the unemployed and for those who were working but whose skills were no longer adequate.

All these things are provided for under our present federal-provincial training agreements, and the impetus they have given to provincial school building and to training of all kinds has been startling. Federal assistance for school construction was most recently set at 75 per cent of provincial costs; for training allowances for the unemployed it is now 90 per cent...

NATIONAL EMPLOYMENT SERVICE

In 1918, the Federal Government made up to \$150,000 a year available to be distributed among the provinces

under federal-provincial agreements for the maintenance of employment offices. I suppose \$150,000 went further in 1918 than it would today. In the years that followed a useful employment service was built up.

However, the birth of our present National Employment Service had to wait for the setting up of our system of unemployment insurance — and that was not done without constitutional difficulties. It was only when all the provinces agreed to an amendment of the British North America Act that the Unemployment Insurance Act was passed in 1940.

By that time, we were at war and the organization set up under the Act in 1941 reflected the needs of a country at war. The emphasis was reversed for the time being, because unemployment was no longer the problem. The Employment Service was made part of National Selective Service, which had the responsibility for mobilizing our manpower for the duration of the emergency.

The Employment Service thus was born under the most difficult conditions possible, and immediately after the war, while its duties were more normal, they were no less pressing. It had to deal with the employment problems of reconversion, when thousands of men and women from the armed forces were returning to civilian life. This was indeed a baptism of fire.

AN UNFORTUNATE ASSOCIATION

From the beginning, the Employment Service unfortunately tended to be regarded as a necessary adjunct to a scheme of unemployment insurance — to test whether or not an applicant for insurance benefit was actually attached to the labour market and looking for a job. Any such concept is of course incompatible with one of the primary obligations of a properly conducted employment service, which is to refer to any given vacancy the most suitable applicant available.

While it has always played its role to the full, it has to some extent operated under a cloud, because of its association with the negative aspect of unemployment insurance. This has certainly affected its public image, and has to some extent limited its effectiveness.

We are now working out the details of a transfer of the Employment Service to the Department of Labour. There will be no basic change in the purpose of the Employment Service, but in arranging for this move we will be able to make it easier for the Employment Service to provide the kind of service that is needed today, and to play its part more effectively in the organization of the labour market and the implementation of an active manpower policy. Its work will mesh more and more with that of the Department of Labour, and it is only logical to bring them into close association.

REHABILITATION OF HANDICAPPED

An outstanding example of co-operation between the Federal Government and Provincial governments, along with private community organizations, is the programme for rehabilitation of the handicapped.

The present programme began with a conference of all these and others concerned with rehabilitation, including the medical profession. All these are represented on the advisory committee that guides the

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PRIVATE AND PUBLIC INVESTMENT

The following Statement was made recently in the House of Commons by Mr. Mitchell Sharp, the Minister of Trade and Commerce:

I ask leave to table a report, "Private and Public Investment in Canada - Outlook 1964 - Mid-Year Review", which summarizes the results of a recent survey undertaken to check on capital-expenditure intentions for the current year.

This report indicates that there has been a remarkable build-up in 1964 capital spending programmes since the previous survey was undertaken at the beginning of the year. On the basis of this new information on investment plans, total capital outlays anticipated for 1964 amount to \$10.8 billion, about \$700 million, or 7 percent, higher than previously indicated and 16 percent above actual outlays last year.

BIGGEST INCREASE IN EIGHT YEARS

This is the greatest year-to-year increase in capital spending since 1956. Most of the upward adjustment has occurred in the business sector of the economy, where anticipated outlays are now 10 percent higher than previously estimated and 18 percent above last year's expenditure. It is particularly noteworthy that capital outlays in manufacturing industries are now expected to approximate \$1.75 billion in 1964, an increase of more than \$400 million, or 31 per cent, from last year's level.

In the case of housing, renewal of the winter incentive programme and a stronger trend in starts this spring than was expected earlier have warranted an upward adjustment from 11 per cent to 18 per cent in the estimated increase in work put in place this year compared to last. In the area of institutional and public investment, there has been a moderate upward revision in estimated outlays, which are now expected to rise by 9 per cent from a year ago.

EFFECT OF CAPITAL-SPENDING ACCELERATION

The recent acceleration in the pace of capital spending in Canada has far-reaching significance for the Canadian economy. For the current year it has given

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FARM PRICE INDEX

The all-Canada composite price index of commodities and services used by farmers (1935-39 = 100) reached 282.4 in April this year, up 2.2 per cent from the revised January index of 276.3 and up 2.6 per cent from last year's April index of 275.2. The rise between January and April was largely due to the seasonal increase in farm wage rates. Exclusive of the living component, the index rose 3.5 per cent, to 309.9 in April from 299.4 in January, and climbed 3.0 per cent from 301.0 in April 1963.

The farm wage-rate index increased 9.4 per cent, to 643.0 in April from 587.8 in January, with the eastern index rising to 611.0 from 605.9 and the western to 688.6 from 562.1.

strong impetus to the economy generally and has been an important factor in the relatively sharp (4 percent) increase in total employment this year compared to last. The 16 percent increase anticipated in total capital outlays involves a 17 percent increase in outlays for new machinery and equipment and a 15 percent increase in expenditure on new construction. The sharp rise in outlays for new machinery and equipment has meant increased activity in equipment-producing industries, and also helps to account for the sharp growth in imports this year. Outlays for construction, on the other hand, have predominantly domestic impact and the substantial increase in this type of expenditure is being reflected in the domestic construction trades and related material-producing industries. Some material suppliers, in fact, are encountering difficulty in meeting the added demands. It is possible, therefore, that lengthened delivery dates for items such as structural steel may cause delays on some projects.

I feel that I should also add an assurance that the upward revision in the total programme is not likely to add significantly to the existing demands on resources. Estimates of actual outlays for the early months of 1964 show that capital spending was already running close to the annual rate indicated by the recent survey. Accordingly, realization of this programme would involve little further increase beyond the level of activity already under way in the year to date.

The new surge in capital expansion now under way has important implications for future years as well as for the present year. The appearance of so many major new expansion projects throughout Canadian industry can only mean that businessmen look forward with confidence to expanding markets in the years to come. If this judgment is sound, it means that conditions of economic slack are giving way to dynamic growth. This new environment brings renewed hope to the growing number of young people coming on to the labour market and gives promise of a continuing pace of economic advance, commensurate with our growing productive capabilities.

The equipment and materials index moved up 0.8 per cent, to 244.1 in April from 242.2 in January, reflecting increases of 0.8 per cent both in the East and the West. Sub-group changes included increases of 5.5 per cent for compounded fertilizer, 4.2 per cent for building materials, 1.8 per cent for hardware, 0.3 per cent for gasoline, oil and grease, and decreases of 2.2 per cent for seed and 0.8 per cent for feed. Prices for farm machinery and binder twine were unchanged.

The index for the farm-family living component declined 0.2 per cent, to 241.2 in April from 241.7 in January. Lower prices for food and miscellaneous items outweighed higher prices for clothing, fuel, household equipment, and health maintenance.

ROTATION OF NATO BRIGADE

Rotation of four Canadian infantry battalions is planned for 1965, with two from Canada exchanging stations with two others in Canada's NATO brigade in West Germany.

Returning to its home station at Camp Gagetown, New Brunswick, is the 2nd Battalion, Black Watch (Royal Highland Regiment) of Canada. It will be replaced by the 2nd Battalion, Royal 22nd Regiment, from Camp Valcartier, Quebec. Rotation of the two units is expected to take place in June and July.

November and December will see the end of the 1965 rotation, with an exchange of stations between the 1st Battalion, Royal Canadian Regiment, now in West Germany, and the 2nd Battalion, RCR, now at the regimental home station in London, Ontario.

Unit rotation is carried out by RCAF Air Transport Command.

FILM PRODUCTION

The gross revenue of 76 firms principally engaged in the production and printing of motion-picture films and filmstrips amounted to \$12,109,000 in 1962, an increase of 13.3 per cent from 1961's 67-firm total of \$10,687,000. The gross revenue from production rose in 1962 to \$7,312,000 from \$6,354,000 in the preceding year and from printing and laboratory work to \$3,946,000 from \$3,581,000.

Private industry and government agencies in 1962 printed 57,702,596 feet of 16-mm film and 20,607-131 feet of 35-mm in black and white, and 8,917,247 feet of 16-mm and 732,276 feet of 35-mm in colour. There were 116 sound motion pictures of five minutes duration or longer made for other than Canadian sponsors.

OOKPIK FOOTBALL MASCOT

The world-famous toy Arctic owl called Ookpik, created by the Eskimos of Fort Chimo, Quebec, has been adopted as a mascot by the Edmonton Eskimo Football Club. In Eskimo mythology, Ookpik is always wise and just and is regarded as a good-luck symbol.

The grotesque little bird was introduced to the Edmonton Eskimos at a luncheon in Edmonton on August 17, and was presented to the Club as its mascot at half-time during a football game in Calgary between that city and Edmonton on the evening of the same day.

The presentation Ookpik, made of fur, stands over four feet high and weighs just over 70 pounds.

Ookpik is used by the Department of Trade and Commerce as a Canada symbol at international trade fairs. It is also used by the Department of Northern Affairs and National Resources to symbolize Eskimo craft articles. The little owl is the creation of the Eskimo members of the Fort Chimo co-operative, who continue to make the toy of seal-skin fur, while licensing Canadian manufacturers to produce it in other materials.

WELFARE SCHOLARSHIPS TO CANADIANS

A total of 29 scholarships and fellowships for study in social work has been awarded to selected Canadian students by Miss Judy LaMarsh, the Minister of National Health and Welfare. The welfare scholarships, worth up to \$3,000, each, are tenable for one year at any Canadian school of social work. Awards may be renewed on the basis of satisfactory performance. The scholarships are open to persons holding a bachelor of arts degree, or the equivalent, for graduate study up to the degree of master of social work.

The welfare fellowships are granted to individuals who hold a master's degree in social work and have demonstrated a capacity for leadership in welfare. Awards of one year's duration are granted up to a maximum of \$4,500, and may be renewed. The fellowships are tenable at universities in Canada and abroad. This year's recipients, all of whom will be working towards doctoral degrees, plan to study in universities from Los Angeles to Liverpool, as well as in Canada.

THE LABOUR DEPARTMENT

AFTER SIXTY-FOUR YEARS

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programme. My Department provides national co-ordination and financial assistance to the provinces, while the provinces can also draw on grants available through the federal Department of National Health and Welfare. The National Employment Service plays its part in providing special services for the placement of handicapped persons. The co-operation of all groups concerned has given the programme the broad support it must have and a flexibility that could have been attained in no other way. My Department has a Women's Bureau devoted to the special problems of women in employment, and a division on older workers whose object is to promote more job opportunities for older men and women.

Last winter we introduced an experimental programme to assist the older workers most in need of help, by offering a financial incentive to employers who hired older workers who had been out of work for six months or more. The object was to help this part of the hard core of unemployed to get back into employment where they would have the chance of increasing their skills and becoming competitive once more.

FARM LABOUR PROGRAMME

World War II brought the federal-provincial farm labour programme, based on close co-operation between the provincial departments of agriculture, the Employment Service and the Department of Labour. Its purpose was to meet the peak demands for farm labour in various parts of the country by organizing movements of farm workers. These are still occurring, although they have declined with the increasing mechanization of agriculture.

As many of you know, these movements of farm workers have been developed for some years on a co-operative basis between the United States and

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Canada. By agreement between our two countries, harvest workers and equipment move north and south across the border as they are needed. These agreements also include other kinds of agricultural workers; for example, Canadian potato pickers go to Maine while tobacco curers from the southern states go to Ontario every year.

One constant thing in a changing world, at least as far as Canada is concerned, is the arrival of winter. To us, it means more than winter sports and double windows - winter is a major economic factor, because of the slowdown in activity and the unemployment it causes.

Those of you from the northern states know about this, but you people from the south are spared this annual phenomenon of nature. Winter does not affect the whole United States economy as it does ours.

At one time it didn't matter too much if most outdoor activities came to a halt when the snow came. A simpler economy based on agriculture was more in tune with the seasons. In any case, there was not much that anyone could do about it in those days.

One trouble has been that this winter slowdown became a habit that carried over to the present day, and many outdoor activities continue to slow down even though modern techniques have made it perfectly practical to carry them on.

The various branches of the construction industry have been most affected. Even indoor construction work has slackened off in the winter, for no very logical reason.

WINTER EMPLOYMENT CAMPAIGN

Our "Do It Now" winter employment campaign was the first move, some ten years ago, to do something about this, by persuading home and business owners to have their interior renovation, repair and redecorating work done in the winter, when, as the campaign says, "men and materials are available". In this we co-operated with the many cities and towns where local Employment Service offices helped to arrange local campaigns. The Department also mounts a very large national publicity campaign every year.

Much of the success of the campaign is due to the assistance of national advertisers and the firms, large and small, who use our material in their advertising, give our message space on their radio and television programmes and tie their sales in with the campaign. These people have benefited, in turn, through greatly increased winter sales.

Linked with this have been our efforts to promote more outside construction in the winter months, taking advantage of new techniques available, many of which have been perfected in this country.

The Municipal Winter Works Incentive Programme is a way of co-operating with municipalities, through their provincial governments, to encourage more public works projects in the winter. Here we offer an incentive payment, increased by many provincial governments, towards the direct, "on-site" labour costs of almost any kind of outside municipal project, carried on in the winter months.

Last winter we added another incentive, this time aimed at more house-building. This programme offers an incentive payment of \$500, with no strings attached, to the person who buys a new winter-built

house, or who has a house built for him during the winter...

It may appear that some of the Department's activities in the employment field are isolated responses to specific needs. This is not the fact. They are interdependent and react on each other. They are part of an overall Manpower Development Programme that incorporates all our manpower and employment activities and much of our research.

LABOUR RESEARCH

In recent years, there has been a rapidly-growing need for information on a wide variety of topics relating to employment and unemployment. For example, changes in the patterns of manpower demand have important implications for programmes aimed at training or re-training people for new jobs. As a result, we have been increasingly concerned with research to evaluate some of the main developments. Equally important is the need for research in certain industries and certain areas in which special problems exist and for which special solutions must be found. A major aim of our research programme is, of course, to provide a factual basis for action to achieve our manpower objectives.

It has become increasingly clear that some areas of Canada, just as in the United States, experience special difficulties. This may result from declining industries or from the fact that growth had lagged well behind the nation as a whole, in terms of both employment and trade. Last year, the Government introduced a number of measures aimed at stimulating employment in such parts of the country. Some 35 areas across Canada have been designated as "development areas" and qualify for special federal assistance for economic and industrial development. New manufacturing and processing industries are given generous tax concessions to locate in these areas.

PROBLEMS OF TECHNOLOGICAL CHANGE

I think we would all agree that the biggest question-mark now hanging over employment and manpower is automation and technological change. These are things we cannot halt, even if we wanted to. Canada, like other countries, must take advantage of new techniques, but in doing so we are determined to do everything in our power to see that, while we reap the benefits of these advances, we do not do so at the expense of the workers involved.

We have set up a new service which, as far as I know, has not been tried anywhere else. This is our Manpower Consultative Service, and its aim is to reduce hardship and unemployment caused by technological change.

It will act in an advisory and technical capacity, to help employers and unions in the development of manpower-adjustment programmes in anticipation of technical changes. We will enter into agreements with employers or jointly with employers and unions, under which we will pay one-half the costs of research into the effects on manpower of industrial change, and one-half the costs incurred in the development of programmes of adjustment.

To be eligible for financial assistance, an industry must give reasonable advance notice of industrial change that will adversely affect employment.

Where there is a recognized union - and this is important - there must also be agreement that the employer and the union will participate jointly in research and development.

Where displacement of workers from their jobs cannot be avoided, we will also pay half of the costs involved in moving workers and their dependents to other communities, where work is available for them.

In its work the Manpower Consultative Service will seek the co-operation of the provincial governments for training of workers under federal-provincial training programmes in the plant or otherwise, and will work closely with the National Employment Service, and with any other federal or provincial agency whose services can be helpful. It will be flexible - what it does will depend on the needs and wishes of the industry concerned.

LABOUR-MANAGEMENT RELATIONS

Labour and management have already, in many instances, developed collective agreements that include provisions for the adjustment of their own particular manpower problems caused by technological change.

We can take such new provisions in collective agreements as evidence of a trend in labour relations - a trend that will see labour and management consulting on subjects which go beyond those traditional areas considered to belong to collective bargaining, but which are of the most vital concern to both parties.

Management today must adapt rapidly to changes, often with effects that were not foreseen when collective agreements were drawn up. Unions, however, are bound by collective agreements, so they try to guard workers and the union itself against subsequent changes by introducing security measures into agreements, which may post obstacles to later adjustments.

I think the answer to such problems is going to be found in a closer consultation between labour and management and, more importantly, in a continuous kind of consultation. I think both parties are recognizing that the traditional way of settling all their affairs in the often heated atmosphere of a periodic bargaining session is not good enough today....

Then, there is the international side of labour affairs. Although we are a federal state, in our dealings with the outside world we must speak with one voice in the labour field no less than in other fields.

That is becoming a more and more important part of our work...

CANADA IN THE ILO

Canada has been a member of the International Labour Organization since it was founded, and Canada was host to the ILO during the last War, when it moved its headquarters to Montreal.

At the session of the ILO which ended last month, the Deputy Minister of my Department, Dr. George Haythorne, whom many of you will know, was elected Chairman of the Governing Body for the coming year. This is the third time a Canadian has been so honoured.

I attended this meeting myself, and I was particularly interested in the international convention on employment policy which they adopted there. This convention requires, among other things, that representatives of employers and workers be consulted by government on employment policies, to take into account their experience and views, and to secure their co-operation and support.

Canada, like some other countries, has gone some way in doing this already, and we will go further. However, it is interesting to note that this idea of a three-way co-operation between government, management and labour is now accepted as an international norm.

CANADA IN THE OECD

Canada, like the United States, is a member of the Organization for Economic Co-operation and Development - the OECD.

Although Canada has not embarked on a programme of comprehensive economic and manpower planning in the way that some European countries have done, there is much in the European experience that is meaningful for us, and that will repay study and observation.

OECD studies have demonstrated clearly that all its member countries have similar problems of manpower and development. The recommendation it has made to its members are interesting to us, because they parallel the steps we are taking in this country to deal with manpower problems. We have played a not unimportant part in the research and the discussions which led to these recommendations. All the members of OECD will continue to benefit from each others' experience in developing their manpower and employment policies...

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